
TOO GOOD TO BE TRUE....

A Column on Consumer Issues
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WEALTH-BUILDING SEMINARS MAY BRING BIG RISK

You receive a brochure through the mail, or see an infomercial on TV, or hear a radio spot for an upcoming "investment clinic" or "training seminar" being offered at a local motel. The information from the company sponsoring the educational seminar promises to teach you "powerful money-making strategies." The information also says that thousands of "average people" have made "big money" using the investment strategies taught at the clinic.

Are these seminars going to make you rich, or is it the other way? Ask yourself if you can afford this "free" seminar.

Be careful when attending these types of training or investment opportunity seminars. Sometimes such seminars take on the fervor of a religious revival complete with testimonials. It is easy to get caught up in the emotion of the moment and make unwise or hasty purchases.

There are a number of things you can do to avoid potential problems. Most importantly, you should think carefully before you purchase books, tapes, or investment courses. Before you get fired up about the "opportunity of a lifetime," make sure you take enough time to really look into and research the opportunity. It is always a good idea to "sleep on it." A truly good opportunity will still be a good opportunity in the morning.

Are the returns you are being promised realistic? Be very skeptical of promises that you can double your money in a short period of time. Unfortunately, you don't hear about the inexperienced investors who incurred huge financial losses based on complicated, unreliable, and high-priced advice. Be careful of such risky investments if you can't afford the losses.

Remember, the higher the return, the bigger the risk! Be wary of anyone promising you a "risk-free investment," a "sure thing," or "free money."

Are the investments being promoted suitable to your level of understanding and experience? Are they suitable to your tolerance for risk? Most people who purchase these types of "opportunities" often have little or no knowledge of the topics presented. Consumers should do their homework before investing any money in an area about which they know very little. Consumers should also be aware that most wealth-building opportunities involve big risks.

What is the background of the company selling the investment books and courses? How long has it been in business? Have state or federal authorities taken any action against the company?

Does the company make most of its money selling books and information or by using its own trading strategies? A question to ask yourself is, if a person can make large amounts of money using the information being presented, why aren't the presenters following their own advice using the company's own strategies to build wealth rather than selling information and materials about building wealth? Professionals in this area have many years of education, training, and experience.

Check the Internet or your local library for any recent news articles about the company.

Keep in mind that a number of the people at the seminar may purchase the same program. They will all be your competition. Look around the room. Are there any local professional people in attendance who are already working in the area of the topic being presented? If not, that could tell you something about the seminar or workshop.

Before making any decision to purchase investment books or courses, it is always a good idea to talk to a broker, other financial advisor, or someone working in the area in which you will become involved. Get his or her advice on whether a particular type of investment vehicle is right for you.

If you do find yourself regretting a hasty purchase, remember that under North Dakota law you have a minimum of three days, or 15 days if you are over 65 years of age, to cancel a purchase made at a temporary business location such as a hotel room. Check your purchase agreement. Some agreements give you an even longer period in which to cancel.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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